

## MEETING MINUTES

Office of Economic Development  
Economic Development Advisory Board  
57 E. 1<sup>st</sup> Street  
Lower Level Council Chambers  
Mesa, AZ 85201

Date: October 2, 2018 Time: 7:30 A.M.

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### **MEMBERS PRESENT**

Natascha Ovando-Karadsheh, Chair  
Jim Kasselmann, Vice Chair  
Rich Adams  
Brian Campbell  
Deb Duvall  
Matt Likens  
Dominic Perry  
Richard Warren

### **MEMBERS ABSENT**

James Christensen

### **EX-OFFICIO**

Mayor John Giles (Excused)  
Chris Brady, City Manager (Excused)  
Sally Harrison  
Jeffrey Pitcher

### **STAFF PRESENT**

Jaye O'Donnell  
Kelley Keffer  
Marc Valenzuela  
Maribeth Smith

### **GUESTS PRESENT**

Dr. Paula Norby, Benedictine University  
Tony J. Wall, 3W Management  
Mike Hutchinson, East Valley Partnership

#### **1. Chair's Call to Order**

Chair Natascha Ovando-Karadsheh called the Economic Development Advisory Board meeting to order at 7:32 a.m.

#### **2. Items from Citizens Present** – None.

#### **3. Approval of Minutes from the September Board Meeting**

Chair Ovando-Karadsheh called for a motion to approve the September 4, 2018 meeting minutes. Brian Campbell moved to approve the September 4, 2018 meeting minutes; seconded by Rich Adams.

Upon tabulation of votes, it showed:

AYES – Ovando-Karadsheh, Kasselmann, Adams, Campbell, Duvall, Likens, Perry, Warren

NAYS – None

Chair Ovando-Karadsheh declared the motion carried by unanimous vote.

#### **4. Benedictine University Update**

Dr. Paula Norby has served as CEO of Benedictine University since May of last year and previously served as President of the Mesa Arts Center. Dr. Norby has been a Mesa resident for seven years and owns a small business in Mesa with her husband. Benedictine University considers the whole of downtown Mesa as its campus. The primary location is in Gillett Hall with classrooms and administrative offices. Classes are also held at the Mesa Center for Higher Education as well as Mesa Arts Center. Alhambra, Benedictine's residence hall, is at capacity with 50 students and resident faculty. All students have access to the YMCA and all of the University's athletes and the spirit squad use the facility. Approximately one-third of Gillett Hall is not built out. With the class space at the Mesa Center for Higher Education and the Mesa Arts Center, there is the capacity to serve 700 students. Once Gillett Hall is built out, there will be capacity for 1,000 students. Benedictine University was brought forth through the Mesa Higher Education Initiative. There were three reasons why Mesa

wanted to bring liberal arts universities to downtown Mesa. One reason was to increase access to higher education for young adults. Benedictine has always focused on traditional undergraduate education. The second reason was to increase higher education for low-income adults. On average, students receive about a 50% scholarship. There are scholarships for City of Mesa employees and their children, for Mesa Community College students, and Mesa high school graduates and access to higher education has increased for under-represented populations. A high percentage of students, 60% of incoming freshman, are first generation college students. Students are asked to identify their race and ethnicity, although 34% do not identify themselves with any race or ethnicity, 24% identify as Caucasian, and 34% identify as Hispanic. There has been incremental growth over the years in student population and there are currently 480 undergraduate students. The adult population at Benedictine decreased dramatically last year due to the discontinuation in 2016 of a \$10K MBA program. That program was reinstated this school year. The \$10K MBA is a program in which students who already have a bachelor's degree can earn their master's degree in business administration in 18 months for \$10,000. An additional location opened in Queen Creek in partnership with Rio Salado Community College.

Strategies for Growth: One of the Benedictine hallmarks is community partnerships, including the Junior Chamber of Commerce and internships with area businesses. The Leadership program will be expanded next year to include business entrepreneur students, and there is a partnership with the Catholic Church for emerging leaders in youth ministry.

The University has a partnership with TheDream.US, a philanthropic organization that sponsors scholarships for DACA students. After the state ruled that DACA students were no longer eligible for in-state tuition, they could not use their Dream Scholarships at community colleges, however ASU has arranged to accept them. This partnership enables Dream students to attend Benedictine University as well. Club recruiting is a targeted enrollment effort which was piloted this summer. Benedictine intentionally recruits students for the Spirit Squad, Cheer and Dance, Speech, E-gaming, Ultimate Frisbee, A Capella, and Badminton. This method has been effective, allowing students to be in classes with a social group and already formed relationships from club meetings and practices.

Challenges: The limited financial resources present a challenge for growth. Benedictine has 300 student athletes and 13 athletic programs, although it has no athletic facilities. Every year, Benedictine must renegotiate for athletic fields through the City of Mesa, Mesa Community College, and Chandler-Gilbert Community College. Students also use the Inter-Stake Center for basketball practice. There is also competition from Ottawa University in Surprise and Park University in Gilbert. Ottawa mainly focuses on recruiting in the West Valley, although Park University is recruiting coaches heavily and Benedictine has already lost a baseball coach. Park University is expected to open next fall and Dr. Norby anticipates that they will be recruiting athletes.

Economic Impact for Mesa: Benedictine University rents fields, gymnasiums, and banquet venues, and has a preferred hotel program for visiting athletic teams for the California Pacific Conference (Cal Pac). There are only two Arizona teams in Cal Pac so there are a lot of visiting teams. In 2019 and 2020, Benedictine University will host the NAIA Men's Golf National Championship at Las Sendas. The University's athletics brings approximately \$500,000 to Mesa each year. Benedictine University uses local vendors for marketing materials, catering services, and media buys. Last year, graduation was held at the Mesa Convention Center. Visiting athletic teams and 50 students living downtown brings an estimated \$250,000 to local restaurants. The rent, utilities, and internet connection for Gillett Hall, Mesa Center for Higher Education, and Alhambra is approximately \$1.5 million. Dr. Norby provided a list of local businesses that the University has used and that provide internships to students. Benedictine University students provide priceless contributions to the City of Mesa through community service, internships for local businesses and non-profits, Mesa Saturday of Service, and graduates

working in the community. Part of the Higher Education Initiative was to educate Mesa residents and keep them in the community.

**Board Discussion:**

Chair Ovando-Karadsheh asked about the tuition cost and the top three majors.

Dr. Norby stated their tuition was frozen this year at \$22,400. The average student receives a 50% discount, and there are merit scholarships and financial aid. The average student pays \$11,200, which is very affordable. This year the University added a health science major. Other top majors are business and criminal justice. A total of 16 majors are offered, including communication, arts, graphic arts, theology, psychology, sociology, and business degrees.

Rich Adams asked what this group can do as individuals or as a Board to assist the University.

Dr. Norby stated the University is always looking for business partners to provide internships for students. Internships are encouraged as they provide a transition from the theoretical classroom experience to real life experience and make students far more employable.

In response to a question, Dr. Norby advised that the University does work with the Mesa Police Department for its criminal justice program.

Matt Likens asked how the enrollment has progressed compared to the original plan.

Dr. Norby stated the enrollment target last year of 480 was achieved. She hopes to reach 600 next fall and advised that they would break even at 650 students. She noted that a third of Gillett Hall is not built out. The University is working with the City on a plan for some rent relief in order to facilitate some of the build-out.

Deb Duvall asked about the number of full-time versus part-time faculty and what courses are taught by full-time faculty.

Dr. Norby advised that there are 14 full-time faculty and about 30 part-time faculty, including Mesa Police Department and other business people from the community. There are full-time faculty for chemistry, biology, math, business, theology, fine arts, communication arts, and criminal justice.

Chair Ovando-Karadsheh thanked Dr. Norby for the presentation. We are thrilled to have Benedictine University in downtown Mesa.

**5. GRID Project Update (Main Street & Mesa Drive)**

Tony J. Wall has been working on the GRID project for over two years and is thrilled to be in downtown Mesa. This is an opportunity to be part of a very special emerging piece of metropolitan Phoenix. The project is defined as a new urban neighborhood in downtown Mesa. There hasn't been anything new in the housing stock in downtown Mesa in about 35 years and there is a strong demand for new housing. There are waiting lists at existing apartment complexes and the square footage costs are comparable in the market. This urban mixed-use project combines retail, restaurant, and office with three different types of residential uses with a neighborhood feel. It is a live, work, play, and quality of lifestyle community. There is a partnership with the City to lease land and air rights and to license parking spaces. The partnership with Benedictine University will assist with additional housing for students. Without that partnership, he would not be involved in this project. The project is smart for the time and for the City. One of the team's hallmarks is that the project be inclusive of all populations, with students, millennials, young professionals, and empty nesters.

This project takes an underutilized garage and turns it into something that makes sense and can become a strong economic generator in downtown. As a former educator, he admires the work

Dr. Norby and her staff at Benedictine are doing to help young people emerge. It is a very different and personal college educational opportunity for those students.

The site is located at Main Street and Mesa Drive, and the site plan includes a four-story apartment complex above the existing garage. The garage was over-built in 1985 and has the structural capacity to hold one or two levels of apartments. The structure will be enhanced to carry four levels of apartments above the existing three-story garage. The commercial and retail components to the north will house micro units or student housing just steps away from Benedictine University. Today, the three-story garage is not used and there are more skateboarders than cars. The vision is to build completely around the garage. Above the garage will be 1-, 2-, and 3-bedroom market-rate apartments and the tower will hold the sales office. There are amenity patios on each level with an open roof deck on the top for parties and entertainment, providing incredible views of downtown. At the bottom will be 3-story row homes of 2,000 square feet which will wrap the base of the garage and help to create a neighborhood feel. The ground floor retail component will have 20 to 30 feet of patio space to activate Main Street for pedestrians. The second and third story will be office with student housing and micro units going four stories above. The GRID project includes 196 market-rate units, 75 micro units, 15 row homes, 8,500 square feet of retail, and 15,000 square feet of Class A office space. All of the retail has either a lease or an LOI.

The City of Mesa was very smart in taking an underutilized garage and turning it into an economic generator. City Council has made it clear that education is important to the economic development of downtown. The GRID project is a smart economic development move as it will build community as well as opportunities for the future. The GRID project sits in an Opportunity Zone. The team had a third-party study done on what an Opportunity Zone might mean to the project and how a potential investor might benefit. The study showed that a 20% investment in the project would, after a 10-year period, receive \$23 million in return tax-free. Even if those numbers are off by 50%, it is still a dramatic opportunity.

#### Board Discussion:

Chair Ovando-Karadsheh asked since the project now sits in an Opportunity Zone, has it drawn more interest from investors. Is the project attracting local investment or more investors from out of state? Mr. Wall was shocked that local equity has not jumped at the opportunity. The debt has been very easy to raise in this project. Local equity has concerns related to image and perception, which are issues that we as a city and as a group of people that care about Mesa need to overcome. The equity is coming from out of state, and the cost increases become the real day to day challenges.

Rich Adams felt it is an exciting project. He noted a county parking deck in downtown Raleigh that was wrapped with residential and some retail. He believed it was designed that way and it seems to be doing well. It is a great idea. We have to think along these lines in order to make some real changes in downtown Mesa.

Brian Campbell felt it is a fantastic project and the type of vision and articulation that were presented is excellent. Opportunity Zone funds are now being created, and right now much of it is coming out of California. He asked how the City can support this project. We need to look at ways to market our Opportunity Zone properties to these funds to take advantage of this unique window. He asked Mr. Wall if he would be receptive to that idea and if he knew how it could be implemented.

Mr. Wall stated he would be very receptive and would be glad to have that conversation.

Matt Likens asked how much equity needed to be raised for this project and what is the timeframe to begin the project and the expected completion.

Mr. Wall advised that they have financed this project three times. The cost increases have changed the dynamic of the project and the amounts of equity have changed from 20% to 35%. Debt has been

easy to achieve, and the City has listened, although it has a much broader perspective than an equity fund. The project costs are in the \$65 million range and the equity is somewhere between 20-35% of that number.

Dominic Perry asked what number they need to hit before the project can break ground, and what is the timeline.

Mr. Wall stated there is an option before the team that could put it in the ground in the next 30 days. He also said that 90 days ago, and therefore, is very cautious about giving a date. The permit is ready to go on the site as well as the north building, and the plans are being reviewed on the south building. The project is ready to roll.

Chair Ovando-Karadsheh thanked Mr. Wall for joining the Board this morning. We look forward to seeing the transformation at that corner of Mesa.

## **6. Phoenix East Valley Angel Investor Initiative**

Kelley Keffer, Project Manager, Office of Economic Development, introduced Mike Hutchinson, Executive Vice President, East Valley Partnership. East Valley Partnership (EVP) is in its 38th year as a non-profit providing leadership and advocacy for the East Valley in terms of legislation, education, and economic development. EVP has a large board of directors with 70 people. EVP interacts with economic development directors in East Valley cities twice a year. A few years ago, there was a request for help with capital formation to help small developing companies. Micah Miranda, Chandler Economic Development Director, is the one who pushed the Angel Investor initiative forward. Mr. Miranda started his career as a research assistant in the City of Mesa Economic Development Department. EVP worked with Jim Goulka on how to build a group of Angel Investors.

Kelley Keffer stated the funding needed in starting a business mostly comes from personal savings, or friends and family. Eventually, a new business will grow to a point where they need the next level of investment. That is the sweet spot for Angel Investors.

Mr. Hutchinson advised that the Security & Exchange Commission's accredited definition of an Angel Investor is someone with a net worth of \$1 million, annual personal income of \$200K, or a family income of \$300K. Angels invest because they want to help entrepreneurs, they want to stay engaged, and give back to the local community. It is an active form of investing with the potential to generate significant return.

EVP partnered with Jim Goulka, Arizona Tech Investors (ATI), to educate people about becoming an Angel Investor. The Security & Exchange Commission allows investors to self-certify. ATI has over 85 accredited investors, and over the past 10 years has invested over \$65 million in 55 companies in the East Valley area. ATI is a vetted, safe, well-known group, and has the ability to create sidecar funds.

EVP is looking to this Board to help recruit attendees for the Angel Investor Workshops by sharing this information with their contacts. The website is [investphxeval.org](http://investphxeval.org). Chandler and Gilbert have already hosted Angel Investor workshops. A series of three 2-hour workshops will be held at LaunchPoint in the Mesa Center for Higher Education on January 9, January 23, and February 6, 2019. The workshops are free to attend.

### **Board Discussion:**

Jeff Pitcher asked if these are secured investments or a mezzanine type of financing where the Angel Investor takes an interest in a company.

Ms. Keffer advised that generally, all Angel Investors take some sort of an equity stake within the company, whereas VC's operate differently.

Mr. Hutchinson stated Micah Miranda was the lead and EVP's role was to do lots of advertising and to communicate with boards and folks in the East Valley about this opportunity. The workshops in Chandler and Gilbert were well-received and the curriculum was refined along the way. Mesa has workshops scheduled and there are plans to go to Tempe and Queen Creek over the next year. It has been difficult to recruit people and the challenge is in following up with investors after the training.

Chair Ovando-Karadsheh clarified that Arizona Tech Investors is the organization that these Angel Investors will invest through. She asked if ATI has a specific designation for East Valley businesses.

Mr. Hutchinson advised that ATI reviews a number of businesses each year, some of which are in the East Valley. There is the opportunity to invest in East Valley businesses, although investments in Phoenix are good for the region as well.

Jaye O'Donnell attended some of the workshops last year and felt they were phenomenal in terms of educating her on the opportunity around diversifying the portfolio. The traditional model in Arizona has been real estate development. This is a way to educate those high net-worth individuals on another investment option. Mesa and the East Valley has those high net worth individuals and there is a lot of capital ready to be deployed. ATI is one vehicle, although it can be done on your own after the workshops. Over a decade ago, it was identified that Angel Investing was weak in the state. We need to make sure to build up that component in order to continue to develop these start-ups and grow them to the point where they can commercialize. She hoped that each Board member could send this information to five people to attend the workshops.

Matt Likens felt this is a great program. Jim Goulka is very knowledgeable and is connected with Desert Angels in Tucson, Canyon Angels out at Grand Canyon University, as well as a southern California group. Mr. Likens reviewed GT MedTech's efforts to obtain \$3M in financing. A small venture capital firm out of the Bay area agreed to put in \$1.4M and the other \$1.6M came from Arizona, of which \$650,000 came from ATI. Over half of the ownership of GT MedTech currently is Arizona based. They are looking for Series A financing of \$10M as they now have FDA clearance and will be generating revenue within the next 6 weeks. The valuation of the seed round was an \$8M valuation pre-money, they raised \$3M, and it is an \$11M valuation post money. The same Bay area group gave a term sheet with a pre-money valuation of \$25M. If they raise \$10M, the post money valuation will be \$35M. The value of the seed investment has gone up threefold on paper at this point. There is still a chance it may fizzle and not generate a profit, although he does not think that will happen. The real value for the community is that upon the exit the higher valuation and the gains realized will remain in the community and can be invested in other opportunities. That is how Silicon Valley started. This vehicle is very important for the ongoing development of the entrepreneurial space in Arizona.

Mr. Hutchinson could use Matt Liken's help in terms of the people or groups that should be targeted for marketing.

Mr. Likens stated there are 100,000 people worth \$5M or more in the state of Arizona who should be targeted for these investments. He did not know how to get to those people, although he would be happy to help. The workshop attendees are only a fraction of the potential investors.

Chair Ovando-Karadsheh thanked Ms. Keffer and Mr. Hutchinson for the information and will look forward to updates.

## **7. Global Entrepreneurship Week Update**

Kelley Keffer reported that Global Entrepreneurship Week will be November 12 – 18, 2018. Mesa, along with Chandler and Gilbert, will be hosting an event in Mesa on Wednesday, November 14, from 8:30 a.m. to 1:30 p.m. at the Mesa Arts Center. The title of the event is Let's Talk Inclusion. Global

Entrepreneurship Week is sponsored by the Kauffman Foundation with four themes: Women, Youth, Inclusion, and Global Networking. There is a great group of volunteers, including NEDCO, ReFresh IT, and other local businesses. A Find it in Mesa scavenger hunt will be held after the event.

## **8. Opportunity Zone Updates**

Chair Ovando-Karadsheh noted that there are \$5 trillion in investment in the country in the form of capital gains looking to be reinvested. She introduced GPEC member and former Board Chair, Jeff Pitcher, and Marc Valenzuela of the Office of Economic Development.

Jeff Pitcher reported that Ballard Spahr did a symposium last week on Opportunity Zones and Bill Jabjiniak had asked that a summary be provided to the Board. The Opportunity Zone program was created by the Tax Cuts and Jobs Act of 2017, sponsored by Senator Tim Scott. One of Senator Scott's assistants was on the panel at the symposium in DC. Opportunity Zones provide capital gains relief to investors who invest gains from prior investments into a Qualified Opportunity Fund, which uses those funds in a Qualified Opportunity Zone Business operating in a Qualified Opportunity Zone. Investing in an Opportunity Zone provides relief in three different ways. It is very much like the 1031 program where the taxes can be deferred. It is similar to combining that tax program with a new market tax credit for investments in areas that need jobs. Opportunity Zone investments also reward long-term money. The tax basis steps up at 5 years and 7 years. If the investment increases in value and is held for 10 years, there is a permanent exclusion from that gain that the investor would otherwise have to pay taxes on. This is a once in a lifetime program that allows investors to come into these kinds of projects and actually make a lot of money.

A Qualified Opportunity Fund is a privately managed fund organized as a corporation or a partnership. We are still waiting for further direction from the Treasury on the details. The funds are self-certified funds that invest in Qualified Opportunity Zone Properties and Qualified Opportunity Zone Businesses. This is similar to the new market tax credits where certain types of businesses were excluded.

Qualified Opportunity Zone Businesses are commercial businesses that are meant for job creation. The whole point of this program is to draw economic activity in distressed areas. The types of businesses that can be invested in include mixed-use developments, such as the GRID, hotels, restaurants, sports facilities, and manufacturing. These Qualified Businesses have to be located in Qualified Opportunity Zones, which are the designated low-income census tracts.

There are over 7,800 Opportunity Zones in the US. There are actually 8,700 taking into account Puerto Rico and other US possessions.

Marc Valenzuela stated there were 11 census tracts in the City of Mesa that were approved as Opportunity Zones. In selecting tracts for submission, the Economic Development Director and the department used a strategic approach in identifying areas where there was potential for investment. Four out of six of the business districts are represented by these Opportunity Zones: Falcon Field, the Gateway area, just east of the Fiesta Mall, and along the light rail on Main Street between Broadway and University from the Tempe border to Stapley Drive. In the Gateway area, all of the Pecos Advanced Manufacturing Zone is included in one of these zones, as well as a portion of the Elliott Road Tech Corridor. Part of Mr. Valenzuela's role is to present options for new companies looking to come into a new area. He has seen a lot more questions as to whether a property is in an Opportunity Zone. The team has been strategic in putting these Opportunity Zones together, especially in those heavier industrial areas.

## **BOARD DISCUSSION:**

Chair Ovando-Karadsheh noted that many of the Opportunity Zones in Arizona are in rural areas. She felt Mesa has an amazing opportunity with very strategically located Opportunity Zones in Downtown,



Falcon, and Gateway. We may be competing with 8,700 different tracts, although how many of them are ready to go? Single-Family housing is not the type of product that you would put in an Opportunity Zone. We are looking for manufacturing, employment centers, multi-family, market-rate and affordable housing. Mesa continues to build single family housing even though our housing to jobs ratios are not competitive with the region. She asked how we can market these zones to get the optimal employment.

Rich Adams asked if there are parcels presently zoned for employment purposes within the Opportunity Zones that we would want to retain and protect those zoning classifications.

Mr. Valenzuela believed so and stated the department has done a very good job in trying to protect our employment zones. The Opportunity Zones are further motivation to help protect those areas, especially in the Gateway area. There are 10 spec buildings coming online in the Gateway area. We are holding those areas for heavier industrial uses that are employment heavy. Caliber presented at the Opportunity Zone Conference in partnership with the ACA and CDFA. They have already purchased eight buildings in the downtown Mesa area for roughly \$1M each and are planning to put \$1M into those buildings. We are already seeing interest and investment happening in Mesa. Arizona was one of the first states in the country to have our Opportunity Zones approved, which has set us up for success. At the Conference, Keith Watkins of ACA noted that one of the most important things in utilizing Opportunity Zones is having properties, regulations, and zoning in place in order to move quickly. There is a very brief time period from fund set up to deployment of funds. Being set up and ready to go with the proper zoning and the overlays in the Pecos Advanced Manufacturing Zone and the Elliot Road Technology Corridor will be very important and he anticipates seeing success in those zones as well as the Downtown area and Falcon Field.

Jeff Pitcher understood the need to protect those areas. He reviewed some of the other states that already have websites and resources available online. Mesa has a great opportunity with our sites ready to go for the most part. Tony Wall's project is ready to go in an Opportunity Zone and is able to attract these kinds of investors. If we inhibit or prevent these kinds of businesses from growing in the opportunity zones, we will lose the ability to attract these investors. These areas need to be attractive to investors as there is a lot of competition with 8,700 Opportunity Zones around the country. The City of Mesa has the opportunity in projects that are ready to go and close to light rail that we can offer to investors right now.

Dominic Perry asked about the timeframe to put the money together and then to identify a property or business to invest in. Mr. Pitcher stated there is 180 days to invest the money, but the answers to some of those questions are items that we are waiting on the Treasury for more information.

Mr. Perry asked if more of these funds are owner/users or investors. Mr. Pitcher stated most are investors coming from all over the country. The beauty of this program is that qualified investors can self-certify, rather than being required to go through the IRS.

Mr. Valenzuela noted one of the conference attendees was a developer who waited on starting a development because he saw the Opportunity Zone information coming out. That company started their own fund to invest in the property.

Brian Campbell noted at the national level about 20-25% of Opportunity Zones are in metropolitan areas and the rest are in rural areas. In Arizona, it is 10% in metropolitan areas versus non-metro areas. Mesa has the land for investments in the metro areas with the infrastructure and amenities that investors need. We have some of the choice real estate in the country for this fund. These zones are in our core areas that we need to develop, in particular the three tracts down by Gateway, which include the Inner Loop project being pushed by Jordan Rose. She was quoted as stating Opportunity Zone are a rare gift; More buyers at a higher price is what Opportunity Zones are generating. For the City to consider residential at the Inner Loop makes absolutely no sense. We have some of the best property in the country and a once in a lifetime opportunity. Mr. Campbell called for this committee to



look at the Inner Loop, Falcon, Downtown, all of these areas and consider the impact we are foregoing by allowing threats in these areas. The airport is a great economic generator and they want to put housing there and forego all of this great opportunity. We need to reach out to these funds to promote things like the GRID, Gateway, Falcon, and get these investors to put those funds in our community and generate that type of return. He asked Chair Ovando-Karadsheh what the Board can do to press that forward as it is critical for our city.

Jim Kasselmann, prior to joining Dexcom, was a career military officer and has learned over decades that housing and airfields do not mix. He has seen some real debacles in southern California with what built up around Miramar Air Station. The same thing occurred around El Toro and Tustin and he noted the air traffic routings that have to take place in San Diego and Orange County. We don't need to replicate that here. The opportunity is time bound and fleeting. We need to seize the best decision for the best use of Mesa and the region.

Rich Adams previously served as Chairman for two terms on the Planning & Zoning Commission. There were many times where cases were brought that involved inappropriate residential construction within the proximity of both airports. Wisely, the City turned the majority of those cases down. He felt the Inner Loop is the gravest threat to Phoenix-Mesa Gateway Airport that he has seen in the last 20 years. The quickest way to kill an airport is to build houses around it. It would be ill-advised to have residential be any part of that development. It is critical that this Board and the City do whatever is necessary to prevent that and to preserve the rare and unique opportunities that we have at the Phoenix-Mesa Gateway Airport as well as Falcon.

Chair Ovando-Karadsheh agreed with Mr. Adam's. We need to focus on how to best utilize these Opportunity Zones for employment for the City. We talked about the GRID project and what we can do to help support the revitalization of downtown Mesa with the continuing growth. The Falcon District is equally important. In each of those districts there are proposed projects that don't support that employment and that opportunity. We need to look broadly and quickly as time is of the essence.

Mr. Campbell agreed with the Chair. Opportunity Zones were on the agenda, although we did not notice the conversation on the Inner Loop, although it was brought into the discussion.

**MOTION:** Brian Campbell moved to recommend to City Council that the City immediately take all steps necessary to promote Opportunity Zones in the City and to protect those Opportunity Zones from all threats, residential or otherwise, and to work with partners in the community that have projects ready to go to move forward aggressively. The motion was seconded by Deb Duvall.

#### BOARD DISCUSSION

Deb Duvall asked what action the Board would be taking to follow through on that motion.

Mr. Campbell stated that would depend on the project. For example, to promote and protect Falcon is different than promoting and protecting Fiesta, or projects in the light rail area, or the Gateway area. He would defer to the talented City staff on the implementation, but we have to move quickly.

Dr. Duvall also served on and Chaired the Planning & Zoning Board 20-some years ago. She watched what happened in the Elliot Road Corridor and the issues around Falcon Field and Red Mountain Ranch. In order to be more proactive initially before some of these projects go before Planning & Zoning, she suggested following through on Mr. Campbell's motion by sending a letter to the City, and to Planning & Zoning if that is within the Board's purview, stating that these are areas we are concerned about from an economic development point of view. Board members can always follow up individually as something comes before the City or before Planning & Zoning. She has been sorely disappointed over the last 25 or 30 years since she has served on a variety of these committees in the past and we seem to be going in circles. She hoped to take a more proactive stance now about Opportunity Zones.

Mr. Campbell felt Dr. Duvall's comments were point on. It should be inherent in the motion to authorize the Board Chair to take the necessary actions to promote and protect the Opportunity Zones and encourage City staff and City leadership to do the same.

Rich Adams suggested the motion include that a copy of the letter be directed to the Mayor, City Manager, and Planning Director so they are all aware of our position.

Mr. Campbell felt that would be included in authorizing the Chair to take the necessary steps to promote and protect.

Chair Ovando-Karadsheh felt it important that this be directed around Opportunity Zones specifically and not any particular project. Our job as this Board is to provide support and guidance for economic development in the City of Mesa. It is clear that this national opportunity is here for us locally in some really prime areas. We support this and encourage our City to take a strong role in developing and supporting these areas.

**MOTION:** Chair Ovando-Karadsheh restated the Motion to write a letter in support of promoting and protecting the Opportunity Zones in the City of Mesa to be directed to City Council, City staff, or other Boards and Commissions as needed.

Chair Ovando-Karadsheh called for a vote.

Upon tabulation of votes, it showed:

AYES – Ovando-Karadsheh, Kasselmann, Adams, Campbell, Duvall, Likens, Perry, Warren

NAYS – None

Chair Ovando-Karadsheh declared the motion carried by unanimous vote.

## **9. Director's Update**

Jaye O'Donnell, Assistant Economic Development Director, reported in Director William Jabjiniak's absence. She remembered a few years ago when the Dexcom project was announced with 500 jobs. The growth in number of jobs that Jim Kasselmann generated in the last year has been outstanding. We are pleased to have Dexcom as a member of the community. She asked about the current job count.

Jim Kasselmann noted the current number of jobs is 829. A year and a half ago, it was at 40. He appreciated the support from the City and the region.

Matt Likens added that was accomplished with a major competitor coming out with a similar technology. That has not stopped Dexcom's momentum and they continue to accelerate their growth.

Ms. O'Donnell reminded the Board of the GPEC Annual Event next Wednesday, October 10, 5:30-8:30 p.m. at Events on Jackson in downtown Phoenix. Individual tickets are \$250 through GPEC.

Bill Jabjiniak sends his regards. He is attending the International Economic Development Council Annual Conference in Atlanta. This afternoon, Mesa will receive a Silver award for a general purpose print brochure as well as a Silver award in the category of partnerships with educational institutions. That award application was written in concert with Benedictine University.

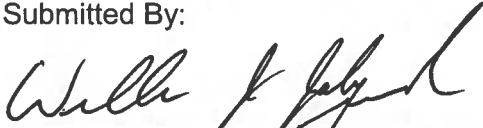
## **10. Other Business**

The next EDAB meeting will be held on November 6, 2018, 7:30 a.m. in the City Council Chambers, Lower Level, 57 E. 1<sup>st</sup> Street, Mesa, AZ 85201.

**11. Adjournment**

Chair Ovando-Karadsheh adjourned the meeting at 9:03 a.m.

Submitted By:

A handwritten signature in black ink, appearing to read 'William J. Jabjiniak', written over a horizontal line.

William J. Jabjiniak  
Economic Development Department Director

(Prepared by Dana Desing, TEI: 14082507)